



AGENDA ITEM: 11

DATE OF MEETING: October 20, 2010

ACTION: X

INFORMATION:

DEPARTMENT OF GENERAL SERVICES CONTRACT APPROVAL

SUMMARY OF REQUEST

This is a request to authorize First 5 California to amend and extend an Interagency Agreement for time and money with the Department General Services (DGS), Human Resources Department to secure classification, pay, benefits, and labor relations services through FY 2013-14.

BACKGROUND

California voters passed Proposition 10 in 1998 and, pursuant to California Health and Safety Code Section 130105(d)(1)(E), established an Administration Account for expenditures for the administrative functions of the state commission.

The State Commission is statutorily required to conduct administrative operations consistent with state laws, regulations, and policy governing personnel and fiscal management. Certain administrative service functions within state government require specialized training, expertise, and security access authorizations in such areas as personnel and payroll. Because of the relatively small size of most state boards and commissions, services in these administrative support areas are accomplished typically through interagency agreements with lead state agencies. Using interagency agreements to secure these types of services is not only a cost effective strategy, but often is necessary to accomplish compliance with internal control and mandated separation of duty requirements.

At the time the State Commission was created, First 5 California established an Interagency Agreement with the DGS, Human Resources Department to annually perform First 5 California's human resource services. DGS processes payroll; provides labor relations consultation and services; and reviews, approves, and coordinates human resource projects and transaction requests on behalf of First 5 California with the State Personnel Board, Department of Personnel Administration, and State Controller's Office (SCO).

FISCAL HISTORY

In March 2008, the State Commission approved \$203,576 for the period of July 1, 2008, through June 30, 2011, for human resource services through DGS. State policy, specifically State Administrative Manual Section 8752, requires departments to recover full costs whenever services are provided to other state agencies. DGS estimates the cost of human resource services for FY 2010/11 will be \$79,185. First 5 California's remaining authority for FY 2010-11 is approximately \$59,185, which amount is insufficient to provide full cost recovery for DGS services performed through this agreement in FY 2010/11.

STRATEGIC PLAN

Goal 5: Strengthen Organizational Operations and Systems: Provide Quality and Cost-Effective Services to our Partners.

FISCAL IMPACT

No notable change in contract expenditures. Reduction in administrative costs, such as staff hours and contract processing time, will be realized by reducing the number of contracts to be processed annually.

DISCUSSION

The State Contracting Manual, Volume 1, Section 7.80, provides the authority for agencies to enter into multiple-year interagency agreements.

First 5 California Bylaws, Article XI, Procedures for Conduct of Business, Section II, currently authorize the Executive Director and the Chief Deputy Director to enter into or amend contracts of \$150,000 or less, provided that the Executive Director or Chief Deputy Director deems each such contract to be necessary and appropriate to carry out the provision and purposes of the California Children and Families Act. The cost of DGS Human Resource services is less than \$150,000 annually. Under this Article, the Executive Director or Chief Deputy Director has the authority to authorize annual agreements with DGS for these services. However, contracting for the performance of human resource services in multiple-year agreements versus contracting on a year-to-year basis is an efficient practice and will reduce staff time and costs associated with the preparation and tracking of the contracts each year, including costs charged for the review of this contract by the DGS, Office of Legal Services.

Under Article XI, Section III of the Bylaws, the Executive Director or his or her designee is granted the authority to award and enter into contracts exceeding \$150,000 that have been approved by the State Commission. Therefore, contracting with DGS for a multi-year agreement requires State Commission approval under the existing Bylaws.

In March 2008, First 5 California transitioned from an annual contracting basis for human resource services to executing multi-year contracts. While efficient and cost effective, this change results in contract amounts that exceed the Executive Director's delegated authority, requiring State Commission approval.

STAFF RECOMMENDATION

This request is twofold:

1. Amend the current agreement (CCFC 7111) to increase FY 2010/11 funding an additional \$20,000 in new money for a maximum contract amount up to \$79,185 in FY 2010/11 to ensure sufficient funds are available to reimburse DGS for actual expenses incurred for personnel services through FY 2010/11.
2. Authorize the Executive Director or Chief Deputy Director to enter into a multi-year agreement with DGS, Human Resources Department for an amount not to exceed \$255,000 for services to be performed between July 1, 2011, through June 30, 2014.

ATTACHMENT

- 11a Funding Request Fiscal Detail, Department of General Services, Human Resources

FUNDING REQUEST FISCAL DETAIL

Title of Request:	Department of General Services, Human Resources Contract for Personnel Services				<input checked="" type="checkbox"/> Contract <input type="checkbox"/> Program Disbursement <input type="checkbox"/> Special Disbursement	
Amount of Current Agreement:	Up to	\$203,576		Expenditures to Date:		
Current Term of Agreement:	July 1, 2008		Through	June 30, 2011		
			Fiscal Year Detail			
			FY 08-09	FY 09-10	FY 10-11	FY __-__
New Amount Requested:	Up to	\$	\$65,863	\$67,839	\$69,874	
Total Amount of Agreement:	Up to	\$203,576	\$65,863	\$67,839	\$69,874	
Percent of Available Fund Balance Affected by Agreement			.003	.003	.003	
Proposed Funding Term:	July 1, 2008		Through	June 30, 2011		
First 5 California Account Name:	Administration Account	Account Number	0638	Fund Availability Confirmed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Statutory Purpose: Health and Safety Code 130105(d)(1)(E)	For expenditures for the administrative functions of the state commission.					
Do our funds leverage others?	<input type="checkbox"/> Yes (explain) <input checked="" type="checkbox"/> No	State Funding	Leveraged		Total Funding	
Explanation:						
Key Deliverable Descriptions					Deliverable Date	
Classification and Pay					Monthly	
Labor Relations					Monthly	
Testing					Monthly	
Transaction					Monthly	